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C O N F I D E N T I A L HARARE 000125

SIPDIS

STATE FOR AF/S  
USDOC FOR ROBERT TELCHIN  
TREASURY FOR OREN WYCHE-SHAW  
PASS USTR FLORIZELLE LISER  
STATE PASS USAID FOR MARJORIE COPSON

E.O. 12958: DECL: 12/13/2014

TAGS: [EAGR](#) [PGOV](#) [EFIN](#) [ECON](#) [ETRD](#) [EINV](#) [ZI](#)

SUBJECT: BIG MANUFACTURER HALTS U.S. FURNITURE EXPORTS

Classified By: Classified by Ambassador Christopher Dell  
under Section 1.4 e/g

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Summary  
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1. (C) Once Zimbabwe's largest exporter to the U.S., local furniture manufacturer Wilson International's head recently told Econoff that he now considers his firm uncompetitive in the U.S. market. Due to an overvalued zimdollar and the GOZ's revocation of export incentives, Wilson currently ships only up-market billiard tables to North America.

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No point in exporting at this exchange rate  
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2. (C) In the early 2000s, Wilson International Managing Director Jim Wilson said his firm furnished 1,300 rooms for Disney's Animal Kingdom and filled a large order for Drexel Heritage. These contracts, plus the billiard table business, made Wilson International Zimbabwe's largest exporter to the U.S. in 2002. However, Wilson said he no longer believes his family-run business (850 employees) can compete in the ultra-competitive U.S. furniture market while converting revenue at the official Z\$ 5,800:US\$ exchange rate. Wilson told us his labor, raw materials, property taxes and utilities expenses rose on average by 300-400 percent in 2004, yet the exchange rate appreciated from Z\$6,500 to 5,600:US\$.

3. (C) Wilson said Disney has asked him to bid on a new 1,600-room hotel project, but without a devaluation his firm simply cannot compete against Chinese producers. He expressed hope that Reserve Bank Governor Gideon Gono would devalue the zimdollar after March's parliamentary elections. However, Wilson noted that Gono has rescinded tax advantages for locally-owned companies like Wilson International that operate from Export Processing Zones, depriving exporters of a key incentive.

4. (C) On a positive note, Wilson said he was especially pleased that the educational television series, "World's Best," just selected his high-end billiard tables, marketed in the U.S. through Presidential Billiards ([presidentialbilliards.com](#)), as the highest quality anywhere. The television show will send a film crew to Zimbabwe in February to tape Wilson's production process.

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Comment  
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5. (C) If the GOZ does not devalue its currency, or better yet return to a float, we have no doubt manufacturers like Wilson International will eventually shift operations elsewhere. Wilson admitted that he has been considering relocating production facilities to neighboring Zambia.  
DELL